Consolidated Financial Statements of

ABSOLUTE SOFTWARE CORPORATION

As at June 30, 2017 and 2016

Independent Auditor's Report

To the Shareholders of Absolute Software Corporation

We have audited the accompanying consolidated financial statements of Absolute Software Corporation, which comprise the consolidated statements of financial position as at June 30, 2017 and 2016, and the consolidated statements of operations and comprehensive (loss) income, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Absolute Software Corporation as at June 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

(signed) <<“Deloitte LLP”>>

Chartered Professional Accountants
Vancouver, British Columbia
August 17, 2017

ABSOLUTE SOFTWARE CORPORATION
Consolidated Statements of Financial Position
June 30, 2017 and 2016
(Expressed in United States dollars)

	Notes	June 30, 2017	June 30, 2016
ASSETS			
CURRENT			
Cash and cash equivalents		**$ 32,511,093**	$ 23,092,852
Short-term investments	(Note 3)	**366,789**	11,637,085
Trade and other receivables	(Note 4)	**19,460,872**	21,138,351
Income tax receivable	(Note 13)	**83,487**	-
Prepaid expenses and other		**2,419,881**	2,379,234
		54,842,122	58,247,522
INVESTMENTS	(Note 3)	**-**	12,821,302
PROPERTY AND EQUIPMENT	(Note 6)	**6,304,152**	5,853,222
DEFERRED INCOME TAX ASSETS	(Note 13)	**22,286,804**	22,353,391
INTANGIBLE ASSETS AND GOODWILL	(Note 7)	**14,894,518**	15,382,262
		$ 98,327,596	$ 114,657,699
LIABILITIES			
CURRENT			
Trade and other payables	(Note 8)	**$ 13,079,456**	$ 13,942,922
Income tax payable	(Note 13)	**-**	5,990,927
Accrued warranty	(Note 9)	**570,000**	460,000
Deferred revenue – current	(Note 10)	**72,361,648**	72,464,399
		86,011,104	92,858,248
DEFERRED REVENUE	(Note 10)	**66,040,653**	65,509,763
		152,051,757	158,368,011
COMMITMENTS	(Note 18)		
CONTINGENCIES	(Note 20)		
SHAREHOLDERS' DEFICIENCY			
Share capital	(Note 12(b))	**64,875,130**	58,607,382
Equity reserve		**36,254,893**	36,732,175
Treasury shares	(Note 12(k))	**(499,443)**	-
Deficit		**(154,354,741)**	(139,049,869)
		(53,724,161)	(43,710,312)
		$ 98,327,596	$ 114,657,699

SUBSEQUENT EVENTS (Note 21)

See accompanying notes to the Consolidated Financial Statements.

Approved on behalf of the Board:

(signed) "Daniel P. Ryan"____
Daniel P. Ryan, Director

(signed) "Josef Vejvoda"___
Josef Vejvoda, Director

ABSOLUTE SOFTWARE CORPORATION

Consolidated Statements of Operations and Comprehensive (Loss) Income

Years ended June 30, 2017 and 2016
(Expressed in United States dollars)

	Notes	2017	2016
REVENUE		**$ 91,210,550**	$ 88,798,508
COST OF REVENUE		**14,450,858**	13,827,785
GROSS MARGIN		**76,759,692**	74,970,723
OPERATING EXPENSES			
Sales and marketing		**44,381,582**	44,834,872
Research and development		**17,524,536**	12,396,394
General and administration		**12,851,255**	10,304,742
Share-based compensation	(Note 12(j))	**3,971,161**	4,668,476
		78,728,534	72,204,484
OPERATING (LOSS) INCOME		**(1,968,842)**	2,766,239
OTHER (EXPENSE) INCOME			
Interest income, net		**81,546**	292,602
Foreign exchange loss		**(119,881)**	(684,225)
Gain on disposal of business unit	(Note 5)	**-**	14,098,066
		(38,335)	13,706,443
NET (LOSS) INCOME BEFORE INCOME TAXES		**(2,007,177)**	16,472,682
INCOME TAX EXPENSE	(Note 13)	**(2,944,000)**	(6,744,000)
NET (LOSS) INCOME AND TOTAL COMPREHENSIVE (LOSS) INCOME		**$ (4,951,177)**	$ 9,728,682
BASIC (LOSS) INCOME PER SHARE	(Note 12(l))	**$ (0.13)**	$ 0.24
DILUTED (LOSS) INCOME PER SHARE	(Note 12(l))	**$ (0.13)**	$ 0.23
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC	(Note 12(l))	**39,082,732**	40,486,922

See accompanying notes to the Consolidated Financial Statements.

ABSOLUTE SOFTWARE CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in United States dollars)

	Share Capital					
	Number of Common shares	Amount	Equity reserve	Treasury shares	Deficit	Total
BALANCE, JUNE 30, 2015	**44,862,344**	**$ 59,607,392**	**$ 35,322,483**	**$ -**	**$ (108,066,367)**	**$ (13,136,492)**
Shares issued on options exercised	884,050	4,969,839	(1,751,984)	-	-	3,217,855
Shares issued under Employee Share Purchase Plan	125,861	621,880	-	-	-	621,880
Shares issued under Phantom Share Unit plan	160,552	1,516,167	(1,100,692)	-	-	415,475
Shares repurchased and cancelled under the Normal Course Issuer Bid	(901,500)	(422,002)	-	-	(847,333)	(1,269,335)
Shares repurchased and cancelled under the Substantial Issuer Bid	(6,250,000)	(7,685,894)	-	-	(30,603,647)	(38,289,541)
Share-based compensation expense	-	-	4,262,368	-	-	4,262,368
Dividends paid	-	-	-	-	(9,261,204)	(9,261,204)
Net income and total comprehensive income	-	-	-	-	9,728,682	9,728,682
BALANCE, JUNE 30, 2016	**38,881,307**	**$ 58,607,382**	**$ 36,732,175**	**$ -**	**$ (139,049,869)**	**$ (43,710,312)**
Shares issued on options exercised	661,838	4,039,782	(1,313,196)	-	-	2,726,586
Shares issued under Employee Share Purchase Plan	84,455	361,477	-	-	-	361,477
Shares issued under Phantom Share Unit plan	327,145	2,281,206	(2,281,206)	-	-	-
Shares issued under Performance and Restricted Share Unit plan	7,104	35,131	(35,131)	-	-	-
Shares repurchased and cancelled under the Normal Course Issuer Bid	(280,100)	(449,848)	-	-	(876,845)	(1,326,693)
Treasury shares repurchased under the Normal Course Issuer Bid	-	-	-	(499,443)	-	(499,443)
Share-based compensation expense	-	-	3,152,251	-	-	3,152,251
Dividends paid	-	-	-	-	(9,476,850)	(9,476,850)
Net loss and total comprehensive loss	-	-	-	-	(4,951,177)	(4,951,177)
BALANCE, JUNE 30, 2017	**39,681,749**	**$ 64,875,130**	**$ 36,254,893**	**$ (499,443)**	**$ (154,354,741)**	**$ (53,724,161)**

See accompanying notes to the Consolidated Financial Statements.

ABSOLUTE SOFTWARE CORPORATION
Consolidated Statements of Cash Flows
Years ended June 30, 2017 and 2016
(Expressed in United States dollars)

	Notes	2017	2016
OPERATING ACTIVITIES			
Net (loss) income		**$ (4,951,177)**	$ 9,728,682
Items not involving cash			
Amortization of property and equipment	(Note 6)	**2,971,483**	2,255,603
Amortization of acquired intangible assets	(Note 7)	**204,676**	631,120
Amortization of intangible assets – contract costs and brand	(Note 7)	**9,017,238**	7,921,629
Share-based compensation	(Note 12(j))	**3,971,161**	4,262,364
Deferred income taxes	(Note 13)	**66,587**	(1,847,000)
Gain on disposal of business unit	(Note 5)	**-**	(14,098,066)
Transaction fees on disposal of business unit	(Note 5)	**-**	(1,257,910)
Non-cash interest and amortization of investment premium		**468,452**	696,032
Change in non-cash working capital			
Trade and other receivables		**1,677,479**	(237,386)
Income tax receivable		**(3,450,524)**	3,948,796
Prepaid expenses and other		**(40,647)**	(178,373)
Intangible assets – contract costs and brand additions		**(8,642,571)**	(10,388,335)
Trade and other payables		**(800,721)**	1,619,648
Accrued warranty		**110,000**	90,000
Deferred revenue		**428,139**	1,726,754
CASH FROM OPERATING ACTIVITIES		**1,029,575**	4,873,558
INVESTING ACTIVITIES			
Purchase of property and equipment		**(4,287,421)**	(3,370,497)
Purchase of intangible assets		**(160,000)**	(225,000)
Proceeds from disposal of business unit	(Note 5)	**-**	11,046,737
Income taxes paid on disposal of business unit	(Note 5)	**(2,623,890)**	-
Proceeds from sales and maturities of short-term investments		**13,218,146**	16,700,000
Proceeds from sale of investments		**10,405,000**	-
Purchase of investments		**-**	(201,124)
CASH FROM INVESTING ACTIVITIES		**16,551,835**	23,950,116
FINANCING ACTIVITIES			
Dividends paid	(Note 12(i))	**(9,476,850)**	(9,261,204)
Repurchase of common shares for cancellation	(Notes 12(b) and 12(c))	**(1,326,693)**	(43,501,944)
Purchase of treasury shares	(Note 12(k))	**(499,443)**	-
Issuance of common shares	(Note 12(b))	**3,127,733**	3,658,654
CASH USED IN FINANCING ACTIVITIES		**(8,175,253)**	(49,104,494)
FOREIGN EXCHANGE EFFECT ON CASH		**12,084**	(731,878)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**9,418,241**	(21,012,698)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**23,092,852**	44,105,550
CASH AND CASH EQUIVALENTS, END OF YEAR		**$ 32,511,093**	$ 23,092,852

SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 14)

See accompanying notes to the Consolidated Financial Statements.

1. NATURE OF OPERATIONS

Absolute Software Corporation (the "Company") was incorporated under the Company Act (British Columbia) on November 24, 1993. The Company's principal business activity is the development, marketing, and support of endpoint security and data risk management solutions to commercial, healthcare, education and government customers. The Company's principal solution is Absolute Data and Device Security, a software-as-a-service solution which enables customers to secure endpoints, asses risk, and respond to security threats. The Company's solutions are powered by its proprietary and patented Persistence technology. The Company markets its solutions through computer original equipment manufacturers ("OEMs"), distributors, value added resellers, and directly to its customers, who include corporations, government entities, educational institutions, and consumers. While the Company's products are available internationally through resellers in Europe, Australia, South Africa, South America, and the Asia Pacific and Latin American regions, the majority of its sales are generated in North America. The Company's head office and principal address is Suite 1400, Four Bentall Centre, 1055 Dunsmuir Street, PO Box 49211, Vancouver, British Columbia, Canada, V7X 1K8. The Company trades on the TSX under the symbol ABT.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective as of June 30, 2017. The date of approval by the Company's Board of Directors is August 17, 2017. These consolidated financial statements were prepared under the historical cost convention, except for certain items not carried at historical cost as discussed below.

(b) Significant Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the group. Principal operating subsidiaries are:

- Absolute Software, Inc.
- Absolute Software (2015) Inc.
- Absolute Software EMEA Limited
- Absolute Software (Vietnam) Company Limited

All significant intercompany balances, transactions, revenues and expenses are eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions and translation

Items included in the consolidated financial statements of the Company and each of its subsidiaries are measured using the currency of the primary economic environment in which the individual entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars ("U.S. dollars"), which is the functional currency of the Company and the majority of its subsidiaries.

Foreign currency transactions, including Canadian dollar, U.K. pound, European Euro, and Vietnamese Dong operating transactions, are translated to U.S. dollars at the average exchange rate for the month, which approximates spot rates on transaction dates. Monetary assets and liabilities are translated at period-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the period in which they arise.

Foreign exchange gains and losses are presented in the statement of operations within foreign exchange loss.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value, normally being the transaction price plus directly attributable transaction costs. Transaction costs related to financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are expensed immediately in profit or loss.

The Company's classification and measurement basis of its financial instruments are as follows:

Instrument	Classification	Measurement Basis
Cash and cash equivalents	Loans and receivables	Amortized cost
Short-term investments – *interest-bearing securities (USD)*	Held to maturity	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Investments – *interest-bearing securities (USD)*	Held to maturity	Amortized cost
Trade and other payables	Other liabilities	Amortized cost
Accrued warranty	Other liabilities	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in items carried at fair value are recorded in the statement of operations. All amounts carried at amortized cost are calculated using the effective interest rate method.

Estimated fair values for financial instruments are designed to approximate amounts at which the instruments could be exchanged in a current arm's-length transaction between knowledgeable willing parties.

The Company classifies and discloses fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

- Level 1 – Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The fair value of investments designated as fair value through profit or loss is determined based on Level 1 measurements, and is recorded in the consolidated statement of financial position, with unrealized gains and losses, net of related income taxes, recorded in the statement of operations.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Short-term investments consist of highly liquid short-term interest bearing securities with maturities at the date of purchase of greater than three months, but less than one year, and of other marketable securities. Investments whose maturity dates are less than one year from the date of the statement of financial position are classified as short term.

Investments consist of highly liquid interest bearing securities with maturities at the date of purchase or the date of the statement of financial position of greater than one year.

Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment of trade accounts receivable. A provision for impairment of trade accounts receivable is established when there is a reasonable expectation that the Company will not be able to collect all amounts due. The carrying amount of the trade receivables is reduced through the use of the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in the consolidated statement of operations. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of operations.

Property and equipment

Property and equipment are carried at cost, less accumulated amortization, and less any accumulated impairment loss. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When the cost of replacing part of an item of property and equipment is capitalized, the carrying amount of the replaced part is derecognized. Maintenance and repair expenditures that do not improve or extend productive life are expensed in the period incurred.

On an annual basis, the assets' residual values and useful lives are reviewed, and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortization is calculated using the straight line method from the month of purchase over the following estimated useful lives:

Asset	
Computer equipment	3 years
Furniture and equipment	5 years
Computer software	1 to 3 years
Office equipment	3 years
Trade show equipment	2 years
Leasehold improvements	Term of the lease

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in business combinations and pursuant to asset purchases are recorded at their fair values. Intangible assets related to the acquisition of patents from third parties are recorded at their fair values.

The Company sells fixed-length service contracts ranging from one to five years. Sales commissions directly associated with sales contracts are deferred and amortized ratably to sales and marketing over the contract term in the consolidated statement of operations and comprehensive (loss) income.

Research costs are charged to operations when they are incurred. Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. At June 30, 2017, the Company has not capitalized any development costs.

All the Company's intangible assets have finite useful lives and are amortized using the straight line method over the following estimated useful lives:

Asset	
Software – Palisade	3 years
Contract costs	Average contract term
Customer relationships – Palisade	3 years
Patents and other	Term of the patent or 4 years
Brand – LoJack royalties	Average contract term

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill that arises upon business combinations is included in intangible assets and goodwill in the consolidated statement of financial position. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. No such losses have been recognized during the year.

The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of each of the Company's cash generating units ("CGUs") and the net asset carrying values, including goodwill, of the Company's CGUs. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount.

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss, or any reversal of a previously-recognized impairment loss, is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued warranty

The Company provides a service guarantee, or warranty, on certain of its theft recovery offerings. The warranty forms part of certain product offerings to which it is attached, and accordingly has a term matching that of the product offering. If a device equipped with a product that includes the recovery guarantee is stolen, and the Company is unable to either recover the stolen device, or delete data on it, then the customer may be eligible for a guarantee payment of up to $1,000. In order to qualify for the warranty, the customer must comply with the Company's terms and conditions included in its End User License and Service Agreement, including the filing of a police report, amongst other criteria. The amount of the eligible warranty payment decreases in each year of the service contract and is also limited by the value of the stolen device.

At the end of each reporting period, estimates of future cash outflows under the service guarantee are made using the best information available for events up to the date of the consolidated statement of financial position. The carrying amount of the warranty liability is adjusted to those estimates, with changes recognized in the consolidated statement of operations and comprehensive (loss) income. The warranty liability is estimated based on a number of factors, including the volume of device thefts reported to the Company at each reporting date, an estimate of the number of thefts that have occurred but have not yet been reported as at each reporting date, the device theft recovery rate, and historical warranty experience. The liability balance is drawn down by service guarantee payments issued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The tax expense for the period comprises current and deferred income tax. Taxation is recognized in the consolidated statement of operations and comprehensive (loss) income except to the extent that it relates to items recognized directly in equity, in which case the tax is recognized in equity.

Current income tax is generally the expected income tax payable on the taxable income for the year calculated using rates enacted or substantively enacted at the date of the statement of financial position in the countries where the Company's subsidiaries operate and generate taxable income, and includes any adjustment to income tax payable or recoverable in respect of previous years.

Uncertain income tax positions are accounted for using the standards applicable to current income tax assets and liabilities; i.e., both liabilities and assets are recorded when probable at the Company's best estimate of the amount.

Deferred income tax is recognized using the liability method, based on temporary differences between consolidated financial statement carrying amounts of assets and liabilities and their respective income tax bases. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The amount of deferred income tax recognized is based on the expected manner and timing of realization or settlement of the carrying amount of assets and liabilities. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets are reviewed at each date of the statement of financial position and amended to the extent that it is no longer probable that the related tax benefit will be realized.

Current income tax assets and liabilities are offset when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Normally the Company would only have a legally enforceable right to set off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority and the taxation authority permits the Company to make or receive a single net payment. Deferred income tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company operates a cloud-based Data and Device Security ("DDS") console, which leverages patented embedded self-healing Persistence technology residing on a customer's endpoint computing devices. The DDS console allows a client to maintain visibility into its endpoints, and includes features such as reporting and analytics, geotechnology, risk assessment, risk response, and endpoint investigation and recovery. The Company provides access to the DDS console to its clients on a subscription basis. Revenue represents the fair value of consideration received or receivable from clients for access to the DDS console, net of discounts. Revenues are recognized when a contractual arrangement is in place, the fee is fixed and determinable, the services have been delivered, and collectability is reasonably assured. Amounts invoiced but not yet earned are recorded as deferred revenue. Deferred revenue is comprised of the remaining unamortized balance of billings, and is generally recognized ratably over the remaining contract term.

The Company's principal source of revenue results from subscription fees for DDS, with terms ranging from one to five years. Generally, the full value of each customer arrangement is invoiced and receivable upon execution of the contract, and initiation of the access to DDS. Typically, revenue arrangements are comprised of multiple elements, as they include combinations of various DDS features and maintenance and support services over the subscription term. These elements are typically not separable for accounting purposes, and as a result, revenue is recognized ratably over the subscription term. Direct contract acquisition costs associated with sales contracts are deferred and amortized over the same period (see "Intangible Assets" above).

A portion of the Company's revenues associated with the Company's Endpoint and Service Management segment, which was disposed of during the year ended June 30, 2016 (note 5), were accounted for as product revenue. Product revenue was recognized when the Company has an executed agreement, the product has been delivered, the amount of the fee to be paid by the customer is fixed and determinable, and the collection of the related receivable is deemed probable from the outset of the arrangement. Post-contract support, or maintenance, revenue associated with these customer arrangements was recognized on a straight-line basis over the maintenance term, which was generally one year.

The Company obtains the majority of its customer arrangements through OEM and reseller partners, most of which are in North America. All revenues are recorded at the net amount received by Absolute from the reseller, provided that all significant contractual obligations have been satisfied and collection is reasonably assured. For direct sales, revenues are recorded at the amount received from the end customer.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost of Revenue

The primary components of cost of revenue are employee compensation and benefits, amortization of intangible assets, guarantee expenses, travel, services, and operating supplies.

Sales and Marketing

The primary components of sales and marketing are employee compensation and benefits, amortization of intangible assets, third-party marketing programs, office and communications, travel, and professional services.

Research and development

The primary components of research and development expenses are employee compensation and benefits, professional services, communications, travel, and investment tax credits.

General and administration

The primary components of general and administration are employee compensation and benefits, communications, travel, public company administration, insurance, professional services, and amortization of property and equipment.

Share-based compensation plans

The Company has a stock option plan, a phantom share unit plan, a performance and restricted share unit plan, a deferred share unit plan and an employee share purchase plan, which are described in Notes 12(d), 12(e), 12(f), 12(g) and 12(h). When stock or stock options are issued to employees, the Company records the estimated fair value of each vesting tranche of the share-based awards as compensation expense over the related vesting period of each tranche with a corresponding credit to equity reserve. The fair value of stock options is measured using the Black Scholes option pricing model. Phantom and restricted share units are measured using the fair value of the shares on the date of grant. Performance share units are measured using a Monte Carlo simulation model, taking into account the fair value of the Company's common shares on the date of grant, potential future dividends accruing to the performance share unitholder's benefit, and encompassing a wide range of possible future market conditions, on the date of grant. Forfeitures are estimated on the date of grant and are re-assessed each reporting period. Upon exercise of stock options or purchase of common shares, any consideration paid by employees, together with the amount previously recorded in equity reserve, is credited to share capital. Volatility assumptions used in Black-Scholes option pricing models are based on historical averages.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

An estimate of amounts that may be paid out in cash pursuant to the deferred share unit plan is recorded within accounts payable and accrued liabilities, and is marked to market each reporting date. If any amounts are ultimately paid out in cash, the amount is recorded using the daily weighted average share price for the five day period before the measurement date.

Under the employee share purchase plan, the share-based compensation charge is determined by the difference between the share purchase price and market price at the start of each purchase period.

(Loss) income per share

Basic (loss) income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted (loss) income per share is calculated using the treasury stock method, which assumes that cash that would be received on the exercise of stock options is applied to purchase shares at the average price during the period. The difference between the shares issued on the exercise of the stock options and the number of shares purchased under this computation, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive stock options are not considered in computing diluted (loss) income per share. Stock options are typically dilutive when the Company has income for the year and the average market price of the common shares during the year exceeds the exercise price of the options.

(c) Significant accounting judgment

The critical judgment that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 2(d)), that has the most significant effect on the amounts recognized in the Company's consolidated financial statements is related to the determination of the functional currency for the Company and its subsidiaries.

(d) Key sources of estimation uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the date of the statement of financial position, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to, the following:

- the assessment of the carrying values of allowances for unrecoverable accounts receivable and tangible and intangible assets;
- the inputs used in accounting for share-based compensation in the consolidated statement of operations and comprehsensive (loss) income; and
- the recognition and recoverability of the Company's deferred tax assets.

(e) Adoption of Future Accounting Standards

Future Accounting Standards

The IASB has issued the following amendments and new standards, which have not yet been adopted by the Company. The Company has not completed the process of assessing the impact that the amended and new standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

IFRS 9 – *"Financial Instruments"* ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 Financial Instruments – Recognition and measurement for debt instruments, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the adoption of IFRS 9 on its financial performance or its financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 – *"Revenue from Contracts with Customers"* ("IFRS 15")

In May 2014, the IASB issued IFRS 15 supersedes IAS 18 – *"Revenue"*, IAS 11 – *"Construction Contracts"* and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers to determine how and when an entity should recognize revenue. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. Various clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Company has established an implementation plan and intends to adopt IFRS 15 in its financial statements for the annual period beginning on July 1, 2018.

Based on a preliminary analysis, the Company anticipates that its customer contracts currently accounted for ratably over the term of the subscription will meet the requirements for revenue recognition over time under IFRS 15, and as a result, in general, the Company will continue to recognize subscription term revenues ratably over their term. The Company is executing its implementation plan and is in the process of determining whether any other adjustments may be required relating to the application of other aspects of IFRS 15. The Company will provide further updates during fiscal 2018 as it continues to execute its implementation plan, and anticipates its analysis will be complete during the third quarter of fiscal 2018.

IFRS 16 – *"Leases"* ("IFRS 16")

IFRS 16 was released in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low-value assets are both exempted.

The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases. The presentation on the consolidated statement of operations and comprehensive (loss) income required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased.

The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 *Leases*. The Company has not completed the process of assessing the impact that the amended standards will have on its consolidated financial statements.

(Expressed in United States dollars)

3. SHORT-TERM INVESTMENTS AND INVESTMENTS

The Company's short-term investments are comprised of the following:

	June 30, 2017	June 30, 2016
Term deposits	**$ 366,789**	$ 650,975
Investment grade securities	**-**	10,986,110
	$ 366,789	$ 11,637,085

At June 30, 2016, the Company's long-term investments were comprised entirely of investment grade securities. All investments are classified as held to maturity.

4. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables are comprised of the following:

	June 30, 2017	June 30, 2016
Trade receivables	**$ 19,570,190**	$ 21,207,490
Other receivables	**185,837**	196,527
Allowance for doubtful accounts	**(295,155)**	(265,666)
	$ 19,460,872	$ 21,138,351

At June 30, 2017, 2% of the Company's accounts receivable balance is over 90 days past due (June 30, 2016 – 2%). As at June 30, 2017, 33%, 21%, 14%, and 12% (June 30, 2016 – 30%, 12%, 15%, and 26%) of the receivable balances are owing from four OEM and reseller partners.

5. DISPOSAL OF BUSINESS UNIT

On June 30, 2015, the Company initiated a plan to dispose of its Absolute Manage and Absolute Service businesses, which were its endpoint management and IT service management products.

On October 5, 2015, the Company completed the sale of the Absolute Manage and Absolute Service business unit for gross proceeds of $11,046,737. As a result, the Company recorded a gain on disposal $14,098,066. Included in the gain on disposal is an amount of $1,257,910, representing transaction costs.

In conjunction with the disposal, the Company entered into a Transition Services Agreement with the purchaser, under which the Company acted as a reseller for the products through December 31, 2015, and performed payroll processing and other administrative services until the transition was complete. As a result, the Company recorded revenues and expenses related to these activities in its Endpoint and Service Management segment in the year ended June 30, 2016.

(Expressed in United States dollars)

6. PROPERTY AND EQUIPMENT

	June 30, 2017		
	Cost	**Accumulated Amortization**	**Carrying amount**
Computer equipment	**$ 7,040,745**	**$ 4,574,148**	**$ 2,466,597**
Furniture and equipment	**1,263,557**	**415,784**	**847,773**
Computer software	**4,006,259**	**3,351,895**	**654,364**
Office equipment	**1,940,320**	**1,439,105**	**501,215**
Trade show equipment	**136,997**	**59,058**	**77,939**
Leasehold improvements	**2,367,842**	**611,578**	**1,756,264**
	$ 16,755,720	**$ 10,451,568**	**$ 6,304,152**

	June 30, 2016		
	Cost	Accumulated Amortization	Carrying amount
Computer equipment	$ 5,462,211	$ 3,150,413	$ 2,311,798
Furniture and equipment	1,217,190	207,965	1,009,225
Computer software	3,548,687	2,638,428	910,259
Office equipment	1,823,462	1,347,141	476,321
Trade show equipment	37,620	37,620	-
Leasehold improvements	1,339,352	193,733	1,145,619
	$ 13,428,522	$ 7,575,300	$ 5,853,222

(Expressed in United States dollars)

6. PROPERTY AND EQUIPMENT (continued)

The following table summarizes property and equipment activity for the year ended June 30, 2017:

	Year ended June 30, 2017			
	Carrying amount - opening	**Additions**	**Amortization**	**Carrying amount – ending**
Computer equipment	**$ 2,311,798**	**$ 1,673,748**	**$ (1,518,949)**	**$ 2,466,597**
Furniture and equipment	**1,009,225**	**46,367**	**(207,819)**	**847,773**
Computer software	**910,259**	**457,572**	**(713,467)**	**654,364**
Office equipment	**476,321**	**116,858**	**(91,964)**	**501,215**
Trade show equipment	**-**	**99,377**	**(21,438)**	**77,939**
Leasehold improvements	**1,145,619**	**1,028,491**	**(417,846)**	**1,756,264**
	$ 5,853,222	**$ 3,422,413**	**$ (2,971,483)**	**$ 6,304,152**

The following table summarizes property and equipment activity for the year ended June 30, 2016:

	Year ended June 30, 2016			
	Carrying amount – opening	Additions	Amortization	Carrying amount – ending
Computer equipment	$ 1,596,853	$ 1,872,336	$ (1,157,391)	$ 2,311,798
Furniture and equipment	127,733	890,375	(8,883)	1,009,225
Computer software	522,989	1,339,134	(951,864)	910,259
Office equipment	473,055	76,793	(73,527)	476,321
Leasehold improvements	125,881	1,083,676	(63,938)	1,145,619
	$ 2,846,511	$ 5,262,314	$ (2,255,603)	$ 5,853,222

(Expressed in United States dollars)

7. INTANGIBLE ASSETS AND GOODWILL

	June 30, 2017		
	Cost	**Accumulated Amortization**	**Carrying amount**
Contract costs	**$ 26,989,399**	**$ 13,500,868**	**$ 13,488,531**
Software – Palisade	**500,000**	**500,000**	**-**
Customer relationships – Palisade	**175,000**	**175,000**	**-**
Software – FailSafe/Freeze	**7,058,432**	**7,058,432**	**-**
Patents and other	**1,784,831**	**1,733,581**	**51,250**
Brand rights – LoJack	**1,246,174**	**991,437**	**254,737**
Goodwill	**1,100,000**	**-**	**1,100,000**
	$ 38,853,836	**$ 23,959,318**	**$ 14,894,518**

	June 30, 2016		
	Cost	Accumulated Amortization	Carrying amount
Contract costs	$ 31,966,839	$ 18,043,104	$ 13,923,735
Software – Palisade	500,000	500,000	-
Customer relationships – Palisade	175,000	175,000	-
Software – FailSafe/Freeze	7,058,432	7,058,432	-
Patents and other	1,624,831	1,460,504	164,327
Brand rights – LoJack	970,929	776,729	194,200
Goodwill	1,100,000	-	1,100,000
	$ 43,396,031	$ 28,013,769	$ 15,382,262

(Expressed in United States dollars)

7. INTANGIBLE ASSETS AND GOODWILL (continued)

The following tables summarize intangible asset activity for the years ended June 30, 2017 and 2016:

	Year ended June 30, 2017			
	Carrying amount - opening	**Additions**	**Amortization**	**Carrying amount - ending**
Contract costs	**$ 13,923,735**	**$ 8,367,326**	**$ (8,802,530)**	**$ 13,488,531**
Patents and other	**164,327**	**160,000**	**(273,077)**	**51,250**
Brand rights – LoJack	**194,200**	**275,245**	**(214,708)**	**254,737**
Goodwill	**1,100,000**	**-**	**-**	**1,100,000**
	$ 15,382,262	**$ 8,802,571**	**$ (9,290,315)**	**$ 14,894,518**

	Year ended June 30, 2016				
	Carrying amount - opening	**Additions**	**Amortization**	**Disposals (Note 5)**	**Carrying amount - ending**
Contract costs	$ 12,323,146	$ 10,138,835	$ (7,784,849)	$ (753,397)	$ 13,923,735
Software – Palisade	133,333	-	(133,333)	-	-
Customer relationships – Palisade	91,666	-	(91,666)	-	-
Patents and other	572,748	225,000	(434,596)	(198,825)	164,327
Brand rights – LoJack	81,479	249,501	(136,780)	-	194,200
Goodwill	1,100,000	-	-	-	1,100,000
	$ 14,302,372	$ 10,613,336	$ (8,581,224)	$ (952,222)	$ 15,382,262

(Expressed in United States dollars)

8. TRADE AND OTHER PAYABLES

The Company's trade and other payables are comprised of the following:

	June 30, 2017	June 30, 2016
Payroll and employee benefits	**$ 6,279,449**	$ 5,484,393
Trade payables	**3,968,295**	6,533,633
Accrued liabilities	**1,382,801**	1,595,187
Lease inducements	**1,115,480**	19,980
Sales taxes payable	**333,431**	309,729
	$ 13,079,456	$ 13,942,922

9. ACCRUED WARRANTY

The following table summarizes changes in the accrued warranty for the years ended June 30, 2017 and 2016:

	Year ended June 30,	
	2017	2016
Balance, beginning of year	**$ 460,000**	$ 370,000
Warranty accrual	**1,698,926**	1,667,242
Guarantee payments	**(1,588,926)**	(1,577,242)
Balance, end of year	**$ 570,000**	$ 460,000

(Expressed in United States dollars)

10. DEFERRED REVENUE

The following table provides a reconciliation of deferred revenue balances on billings to invoiced billings, revenue, and other adjustments, for each of our Data and Device Security segment and our Endpoint and Service Management segment:

	Year ended June 30,	
Data and Device Security	**2017**	2016
Balance, beginning of year	**$ 137,974,162**	$ 135,316,725
Billings	**91,633,372**	88,574,613
Revenue recognized	**(91,210,550)**	(85,914,071)
Other adjustments	**5,317**	(3,105)
Balance, end of year	**138,402,301**	137,974,162
Less: current portion	**(72,361,648)**	(72,464,399)
	$ 66,040,653	$ 65,509,763

	Year ended June 30,	
Endpoint and Service Management	**2017**	2016
Balance, beginning of year	**$ -**	$ 9,394,624
Billings	**-**	1,953,754
Disposal of business unit (note 5)	**-**	(8,463,941)
Revenue recognized	**-**	(2,884,437)
Balance, end of year	**$ -**	$ -

(Expressed in United States dollars)

11. POST-RETIREMENT BENEFITS AND REORGANIZATION CHARGES

During the year ended June 30, 2017, under the terms of an agreement with a former senior officer, the Company incurred post-retirement benefits in the amount of $638,000. In addition, during the year ended June 30, 2017, the Company reorganized certain functional departments to optimize internal resources. Pursuant to the reorganization, the Company incurred termination benefits amounting to $2,121,148 (2016 - $753,726).

These post-retirement benefits and reorganization charges were attributable to the following areas for the years ended June 30, 2017 and 2016:

	Year ended June 30,	
	2017	2016
Research and development	**$ 1,058,774**	$ -
Sales and marketing	**773,780**	753,726
Cost of revenue	**535,240**	-
General and administration	**391,354**	-
	$ 2,759,148	$ 753,726

12. SHARE CAPITAL

(a) Authorized

100,000,000 common shares, no par value
20,000,000 preferred shares, Series A, voting, convertible, redeemable, no par value

(b) Issued and outstanding

During the year ended June 30, 2017, the Company issued 661,838 common shares on exercise of employee stock options for total proceeds of $2,726,586. An amount of $1,313,196 related to the original fair value of the options was transferred from equity reserve to common shares upon exercise.

During the year ended June 30, 2017, the Company issued 84,455 common shares pursuant to its employee share purchase plan for total proceeds of $361,477.

During the year ended June 30, 2017, the Company issued 327,145 common shares pursuant to its Phantom Share Unit (“PhSU”) Plan with a fair value of $2,281,206.

During the year ended June 30, 2017, the Company issued 7,104 common shares pursuant to its Performance and Restricted Share Unit (“PRSU”) Plan with a fair value of $35,132.

During the year ended June 30, 2016, the Company issued 884,050 common shares on exercise of employee stock options for total proceeds of $3,217,855. An amount of $1,751,984 related to the original fair value of the options was transferred from equity reserve to common shares upon exercise.

During the year ended June 30, 2016, the Company issued 125,861 common shares pursuant to its employee share purchase plan for total proceeds of $621,880.

During the year ended June 30, 2016, the Company issued 160,552 common shares pursuant to its PhSU Plan with a fair value of $415,475.

On August 23, 2016, the Company received approval from the TSX to commence a Normal Course Issuer Bid (the “Bid”) on August 29, 2016 that enables the Company to purchase and cancel up to 2,643,256 of its common shares or return such shares to treasury. The Bid allows for the purchase of up to 19,864 common shares on a daily basis until August 28, 2017, except where purchases are made in accordance with "block purchases" exemptions under applicable TSX policies. Prior to August 29, 2016, the Company purchased and cancelled shares under previously approved Normal Course Issuer Bids (together, the “Bids”).

Under the Bids, during the year ended June 30, 2017, the Company repurchased and cancelled 280,100 common shares for a total cost of $1,326,693 (2016 – 901,500 common shares for $5,207,864). On cancellation of the common shares, the difference between the purchase price and the average book value of the common shares is recorded in deficit, which amounted to $876,845 (2016 - $3,983,611).

12. SHARE CAPITAL (continued)

(c) Substantial Issuer Bid

On August 17, 2015, the Company announced the authorization of a Substantial Issuer Bid ("SIB") pursuant to which the Company offered to purchase up to CAD$50,000,000 of its common shares. The offer commenced on August 25, 2015 and concluded on October 20, 2015.

The SIB was conducted through a "modified Dutch auction" within a price range of between CAD$7.75 and CAD$9.00 per share, in increments of CAD$0.25 per Share within that range. The SIB was not conditional based on any minimum number of Shares being tendered to the SIB, and was subject to other conditions customary for a transaction of this nature.

After the conclusion of the offering period, on October 23, 2015, the Company purchased 6,250,000 common shares at a price of CAD$8.00 for an aggregate amount of $37,965,000 (CAD$50,000,000). On repurchase of the common shares, the difference between the purchase price and the average book value of the common shares was recorded in deficit, which amounted to $30,279,106. The Company incurred expenses of $324,541 related to the SIB, which were also recorded in deficit.

(d) Stock Option Plan

The Company's share-based compensation plans include an Employee Stock Option Plan ("Option Plan").

In 2001, the Company's Board of Directors adopted the Option Plan (as amended in 2007, 2009, and 2016). Under the Option Plan, the maximum number of common shares reserved for issuance is limited to 12% of the number of common shares outstanding, less the amount that are issuable under the Phantom Share Unit Plan and Performance and Restricted Share Unit Plan. On this basis, at June 30, 2017, the maximum number of common shares available under the Option Plan was 3,992,558 (June 30, 2016 – 3,904,973), of which 1,031,501 remained available for grant thereunder.

Terms and conditions of options granted under the Option Plan are determined solely by the Board of Directors. Under the Option Plan, the exercise price of each option equals the last closing market price of the Company's common shares before the grant date.

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

During the year ended June 30, 2016, the Company's shareholders ratified amendments to the Option Plan. Pursuant to this amendment, the term of option grants may not exceed seven years from the date of grant of the option. Options are generally granted with a four year vesting period (25% vesting on each anniversary date).

Prior to the amendment, the term of option grants could not exceed ten years from the date of grant of the option. In addition, options were generally granted with a four year vesting period (25% vesting on each anniversary date), with each tranche expiring two years after each vesting date.

The following table summarizes activity under the Option Plan for the years ended June 30, 2017 and 2016:

	2017		2016	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Outstanding, beginning of year	**3,718,950**	**$ 7.13**	4,202,925	$ 6.63
Granted	**141,470**	**7.34**	608,100	6.96
Exercised	**(661,838)**	**5.45**	(884,050)	4.87
Forfeited	**(174,425)**	**7.80**	(176,225)	5.98
Expired	**(63,100)**	**7.31**	(31,800)	7.64
Outstanding, end of year	**2,961,057**	**$ 7.47**	3,718,950	$ 7.13

The following table summarizes information about stock options issued and exercisable at June 30, 2017:

	Options Outstanding			**Options Exercisable**	
Range of exercise prices (CAD)	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price
$3.75 - $5.51	299,750	0.8	$ 5.01	299,750	$ 5.00
$6.00 - $7.49	1,551,557	3.0	6.91	683,866	6.93
$8.04 - $9.16	827,250	2.2	8.53	370,500	8.58
$9.68 - $10.07	282,500	2.2	10.01	141,250	10.01
	2,961,057	**2.5**	**$ 7.47**	**1,495,366**	**$ 7.24**

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

Fair values – Option Plan

The total fair value of options granted under the Option Plan in the year ended June 30, 2017 was $126,365 (2016 - $485,377). The weighted average grant date fair value of options granted during the year ended June 30, 2017 was $0.89 (2016 - $0.80).

The estimated fair value of each option granted under the Option Plan was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year ended June 30,	
	2017	2016
Risk-free interest rate	**0.7%**	0.6%
Dividend yield	**4.4%**	4.7%
Expected life (in years)	**4.0**	3.8
Volatility	**31%**	31%

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

(e) Phantom Share Unit Plan

The Company's share-based compensation plans also include a Phantom Share Unit Plan.

During the year ended June 30, 2015, the Company's shareholders ratified the PhSU Plan. Under the PhSU Plan, the maximum number of common shares reserved for issuance is limited to 12% of the number of common shares outstanding, less the amount that are issuable under the Option Plan and the Employee Share Purchase Plan. On this basis, at June 30, 2017, the maximum number of common shares available under the PhSU Plan was 867,946 (June 30, 2016 – 259,296), of which 749,671 remained available for grant thereunder.

Terms and conditions of PhSUs granted are determined pursuant to the PhSU Plan. Under the PhSU Plan, PhSUs are issued to eligible persons and generally vest over a two or three year period (50% or 33.3%, respectively, vesting on each anniversary date). PhSUs may be settled, at the Company's sole discretion, in common shares, cash, or a combination thereof. If settled in cash, the amount paid is based on the volume weighted average daily price for the five days preceding the payment.

The following table summarizes activity under the PhSU Plan for the years ended June 30, 2017 and 2016:

	Year ended June 30,	
	2017	2016
	Number of units	Number of units
Outstanding, beginning of year	**439,558**	516,365
Granted	**16,050**	98,820
Released	**(327,145)**	(160,554)
Forfeited	**(10,188)**	(15,073)
Outstanding, end of year	**118,275**	439,558

The total fair value of PhSUs granted under the PhSU Plan in the year ended June 30, 2017 was $120,757 (2016 - $657,180). The weighted average grant date fair value of PhSUs granted during the year ended June 30, 2017 was $7.52 (2016 - $6.65). At June 30, 2017, none of the outstanding PhSUs had vested.

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

(f) Performance and Restricted Share Unit Plan

The Company's share-based compensation plans also include a Performance and Restricted Share Unit ("PRSU") Plan. Under the PRSU Plan, the Company may issue Performance Share Units ("PSU"s) and Restricted Share Units ("RSU"s).

In the year ended June 30, 2016, the Company's shareholders ratified the PRSU Plan. Under the PRSU Plan, the maximum number of common shares reserved for issuance is limited to 12% of the number of common shares outstanding, less the amount that are issuable under the Option Plan and the PhSU Plan. On this basis, at June 30, 2017, 1,031,501 common shares were eligible for grant under the PRSU Plan.

In addition, in the year ended June 30, 2017, the Company instituted a Market-based PRSU Plan ("Market PRSU Plan"). Shares issued pursuant to the Market PRSU Plan will be acquired, at the Company's election, under the terms of permissible share buyback mechanisms, including the Company's Normal Course Issuer Bid, and will not be issued from treasury.

Terms and conditions of PSUs and RSUs granted are determined by the Board of Directors.

Performance Share Units

Under the PRSU Plan, PSUs are issued to eligible persons and generally vest after a three year period (100% cliff vesting on the third anniversary date). The number of PSUs that ultimately vest is based on an Adjustment Factor, as determined by the Board of Directors at the date of grant, and can range from 0% to 200% of the number of units initially granted. Generally, PSUs expire on December 31 of the year of vesting.

The following table summarizes PSU activity under the PRSU Plan for the year ended June 30, 2017 and 2016:

	Year ended June 30,	
	2017	2016
	Number of units	Number of units
Outstanding, beginning of year	**49,811**	-
Granted	**72,452**	49,811
Outstanding, end of year	**122,263**	49,811

The outstanding PSUs at June 30, 2017 include 41,385 units that were issued pursuant to the Market PRSU Plan.

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

Fair values – Performance Share Units

The total fair value of PSUs granted under the PRSU Plan in the year ended June 30, 2017 was $617,306 (2016 - $432,277). The weighted average grant date fair value of PSUs granted during the year ended June 30, 2017 was $8.80 (2016 - $8.79). At June 30, 2017, none of the outstanding PSUs had vested.

The Adjustment Factor related to the PSUs granted was related to a market-based performance condition. The fair value of the PSUs granted was estimated on the grant date using a Monte Carlo simulation model, taking into account the fair value of the Company's common shares on the date of grant, potential future dividends accruing to the PSU holder's benefit, and encompassing a wide range of possible future market conditions.

Restricted Share Units

Under the PRSU Plan, RSUs are issued to eligible persons and generally vest over a three year period (33.3% vesting on each anniversary date). Generally, RSUs expire on December 31 of the year of vesting.

The following table summarizes RSU activity under the PRSU Plan for the year ended June 30, 2017 and 2016:

	Year ended June 30,	
	2017	2016
	Number of units	Number of units
Outstanding, beginning of year	**271,415**	-
Granted	**428,480**	275,465
Released	**(7,104)**	-
Forfeited	**(56,059)**	(4,050)
Outstanding, end of year	**636,732**	271,415

The outstanding RSUs at June 30, 2017 include 66,633 units that were issued pursuant to the Market PRSU Plan.

Fair values – Restricted Share Units

The total fair value of RSUs granted under the PRSU Plan in the year ended June 30, 2017 was $2,333,588 (2016 - $1,310,935). The weighted average grant date fair value of RSUs granted during the year ended June 30, 2017 was $5.65 (2016 - $4.76). At June 30, 2017, 71,498 of the outstanding RSUs had vested.

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

The fair value of the RSUs granted was estimated on the grant date using the fair value of the Company's common shares on the date of grant and potential future dividends accruing to the RSU holder's benefit.

(g) Deferred Share Unit Plan

The Company's share-based compensation plans also include a Deferred Share Unit ("DSU") Plan. The DSU Plan is a cash-settled share based compensation plan.

In the year ended June 30, 2017, the Company's shareholders ratified the DSU Plan. Terms and conditions of DSUs granted are determined by the Board of Directors.

Under the DSU Plan, DSUs are issued to eligible persons and generally vest over a one year period (25% per three months). DSUs are not eligible for redemption until the unitholder ceases to be an eligible person. The term of the DSU grants is coterminous with the date the unitholder ceases to be an eligible person.

The following table summarizes activity under the DSU Plan for the year ended June 30, 2017 and 2016:

	Year ended June 30,	
	2017	2016
	Number of units	Number of units
Outstanding, beginning of period	**104,000**	-
Granted	**104,000**	104,000
Outstanding, end of period	**208,000**	104,000

Fair values – Deferred Share Units

The total fair value of DSUs granted under the DSU Plan in the year ended June 30, 2017 was $615,680 (2016 - $554,320). The weighted average grant date fair value of DSUs granted during the year ended June 30, 2017 was $5.92 (2016 - $5.33). The fair value owing was marked to market at June 30, 2017, and as a result, at that date, the total liability carried within Accounts Payable and Accrued Liabilities related to the DSU Plan was $982,187 (June 30, 2016 - $405,281).

12. SHARE CAPITAL (continued)

(h) Employee Share Purchase Plan

The Company's share-based compensation plans also include an Employee Share Purchase Plan ("Purchase Plan").

The Purchase Plan allows employees to purchase up to 2,000,000 common shares from treasury at a 15% discount from the market price. Each employee may allocate a maximum of $10,500 per year to the purchase of common shares through two six month offering periods per year. During the year ended June 30, 2017, 84,455 common shares (2016 – 125,861 common shares) were issued from treasury under the Purchase Plan at a weighted average price of $4.23 (2016 - $4.94) per share.

At June 30, 2017, 281,830 common shares remained available for grant under the Purchase Plan.

(i) Dividends

In the year ended June 30, 2017, the Company declared four quarterly dividends on its common shares, amounting to $9,476,850 (2016 – $9,261,204). The dividends were paid in cash to shareholders of record at the close of business on August 5, 2016, November 4, 2016 , February 3, 2017, and May 9, 2017. Each quarterly dividend was CAD$0.08 per common share.

(Expressed in United States dollars)

12. SHARE CAPITAL (continued)

(j) Share-based compensation

The Company's share-based compensation for the years ended June 30, 2017 and 2016 was comprised as follows:

	Year ended June 30, **2017**	Year ended June 30, 2016
Restricted share units	**$ 1,256,489**	$ 228,853
Phantom share unit plan	**862,002**	2,399,275
Stock option plan	**860,678**	1,461,938
Deferred share unit plan	**576,898**	405,285
Performance share units	**348,839**	78,167
Employee share purchase plan	**66,255**	94,958
	$ 3,971,161	$ 4,668,476

The following table summarizes the allocation of share-based compensation for the years ended June 30, 2017 and 2016:

	Year ended June 30, **2017**	Year ended June 30, 2016
Cost of revenue	**$ 78,447**	$ 185,685
Sales and marketing	**973,006**	1,023,280
Research and development	**916,056**	1,175,533
General and administration	**2,003,652**	2,283,978
	$ 3,971,161	$ 4,668,476

(k) Treasury shares

During the year ended June 30, 2017, the Company acquired 104,567 treasury shares for a total cost of $499,443 (2016 - $nil). The treasury shares are presented as a reduction in shareholder's deficiency. The treasury shares were purchased in order to fund the Company's Market PRSU Plan (note 12(f)).

(Expressed in United States dollars)

(l) Diluted number of common shares outstanding

For the year ended June 30, 2017, the diluted weighted average number of common shares outstanding was the same as the weighted average number of shares outstanding (2016 – diluted shares of 41,627,751). In the year ended June 30, 2017, there were 922,420 potentially dilutive securities (2016 – 1,140,829 dilutive securities), which were related to the following:

	Year ended June 30,	
	2017	2016
Stock options	**636,542**	876,116
RSUs	**211,866**	94,438
PhSUs	**43,955**	152,943
PSUs	**30,057**	17,332
	922,420	1,140,829

13. INCOME TAXES

Income tax expense for the years ended June 30, 2017 and 2016 differ from that calculated by applying statutory rates for the following reasons:

	Year ended June 30,	
	2017	2016
(Loss) income before income taxes	**$ (2,007,177)**	$ 16,472,682
Combined Federal and Provincial income tax rate	**26.00%**	26.00%
Tax (recovery) expense at statutory rate	**(521,866)**	4,282,897
Permanent differences	**818,998**	614,995
Foreign income tax effected at higher rates	**3,815,193**	1,893,418
Losses and temporary differences for which no deferred tax asset has been recognized	**229,382**	278,915
Tax benefit of deferred income tax assets not previously recognized	**(1,624,447)**	-
Amounts under (over) provided for in prior years	**226,740**	(326,225)
Total income tax expense	**$ 2,944,000**	$ 6,744,000
Comprised of:		
Current income tax expense	**$ 1,853,000**	$ 8,634,000
Deferred income tax expense (recovery)	**1,091,000**	(1,890,000)
	$ 2,944,000	$ 6,744,000

At June 30, 2017, the Company's net current income tax receivable amounts to $83,487 (2016 – payable of $5,990,927). The Company's current tax expense is comprised of a current income tax expense of $2,003,000 in Canada, which was fully offset by Canadian Investment Tax Credits ("ITCs"), and a current income tax recovery of $150,000 in the U.S.

(Expressed in United States dollars)

13. INCOME TAXES (continued)

The ITCs were credited against research and development expenses, as the credit is generated by certain eligible scientific research and development expenditures ("SRED"). The ITC recovery recorded was in respect of expenditures in the year ended June 30, 2017.

The tax effect of the significant temporary differences and loss carryforwards that comprise deferred income tax assets and liabilities at June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
Deferred income tax assets:		
Deferred revenue	**$ 17,476,418**	$ 21,089,450
Operating loss carryforwards	**2,599,259**	-
ITCs	**2,370,036**	842,172
Other	**660,044**	1,203,090
	23,105,757	23,134,712
Deferred income tax liabilities:		
Intangible assets	**(77,107)**	(225,070)
ITCs	**(741,846)**	(556,251)
	(818,953)	(781,321)
	$ 22,286,804	$ 22,353,391

At June 30, 2017, the Company's deferred tax asset attributable to the Company's Canadian operations amounts to $20,000,028, with the balance of $3,105,729 relating to the U.S. The Company's deferred tax liability related to Canada was $710,550, with the balance of $108,403 related to its U.S. operations. Accordingly, at June 30, 2017, the Company had a net tax asset attributable to Canada of $19,289,478 (June 30, 2016 - $793,459), and a net asset of $2,997,326 (June 30, 2016 – net asset of $21,559,719) relating to the U.S.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and during the loss carryforward periods. Management considers the scheduled reversal of deferred tax assets and liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carryforward period. The Company has estimated U.K. operating tax loss carryforwards of $12,098,000 and $2,003,800 in capital loss carryforwards in Canada, which carry forward indefinitely. The Company has not recognized the deferred tax benefits of these tax loss carry forwards. In addition, the Company has recognized the deferred tax benefits of estimated U.S. operating tax loss carryforwards of $2,599,259, which carry forward until 2027.

The Company's operations are conducted in a number of countries with complex tax legislation and regulations pertaining to the Company's activities. Any reassessment of the Company's tax filings by the tax authorities may result in material adjustments to net income or loss, tax assets and operating loss carry-forwards.

(Expressed in United States dollars)

14. SUPPLEMENTAL CASH FLOW INFORMATION

Composition of cash and cash equivalents

	June 30, 2017	June 30, 2016
Cash	**$ 16,189,737**	**$ 23,092,852**
Cash equivalents	**16,321,356**	**-**
	$ 32,511,093	**$ 23,092,852**

Other cash flow information

	Year ended June 30,	
	2017	2016
Non-cash investing and financing activities		
Accrued purchases of property and equipment	**$ (865,008)**	**$ (1,917,817)**

15. CAPITAL RISK MANAGEMENT

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth and strategic acquisitions in order to provide returns to its shareholders, and have not changed since 2014. The Company's capital structure consists of cash and cash equivalents, short-term investments and investments, and shareholders' deficiency, which is comprised of issued capital, equity reserve, and deficit. The Company does not hold debt. During 2013, the Company instituted a quarterly dividend. The Company makes adjustments to its capital structure in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. The Board of Directors reviews and approves any material transactions not in the ordinary course of business, including dividends, major investments and share repurchases.

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed have not changed from the year ended June 30, 2016.

(b) Market risk

Market risk is the risk that changes in market prices, such as fluctuations in the market prices of the Company's publicly traded investments, foreign exchange rates, and interest rates, will affect the Company's income or the value of its financial instruments. The Company does not engage in risk management practices such as hedging, derivatives or short selling with respect to its investments.

The Company operates internationally, primarily in the United States, giving rise to exposure to market risks from foreign exchange rates. The Company's functional currency is the U.S. dollar. However, the Company maintains Canadian dollar net asset positions, and therefore records gains in periods of rising Canadian dollar exchange rates and losses in periods of declining rates. Canadian dollar operating costs are converted at current exchange rates, while revenue is recorded at historic rates from when the sales contracts were recorded into deferred revenue, and as a result the Company's operating loss increases in periods when the Canadian dollar appreciates.

Foreign Currency Sensitivity Analysis

The Company typically does not enter foreign currency hedges. Volatility in the Canadian dollar relative to the U.S. dollar could impact the Company's current operating margins as a significant amount of operating costs are denominated in Canadian dollars. Appreciation in the Canadian dollar would negatively impact the Company's current operating margins, while depreciation in the Canadian dollar would positively impact current operating margins.

The Company is exposed to fluctuations in the Canadian dollar and the U.K. pound, through Canadian dollar and U.K. pound working capital balances and operating expenses. The Company's sensitivity to a 1% strengthening of the Canadian dollar against the U.S. dollar is an approximate decrease of $509,000 in annual operating income and a $475,000 decrease in net income. The Company's sensitivity to a 1% strengthening of the U.K. pound against the U.S. dollar is an approximate decrease of $51,000 in annual operating and net income. For a 1% weakening of the Canadian dollar or U.K. pound against the U.S. dollar, there would be an equal and opposite impact on operating income and net income.

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company mitigates liquidity risk by holding sufficient cash and cash equivalents to meet its financial obligations. The Company's growth is financed through cash on hand and cash flows from operations. The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days.

Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

(d) Credit Risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company. The carrying amount of the Company's financial assets represents the Company's maximum credit exposure.

The Company manages credit risk related to accounts receivable by carrying out credit investigations for new customers and partners, and by maintaining reserves for potential credit losses. The majority of the accounts receivable balance is due from well-capitalized computer manufacturers who have a history of paying on a timely basis. Accounts receivable are net of allowance for doubtful accounts of $295,000 (June 30, 2016 - $266,000).

At June 30, 2017, 2% of the Company's accounts receivable balance is over 90 days past due (June 30, 2016 – 2%). As at June 30, 2017, 33%, 21%, 14%, and 12% (June 30, 2016 - 30%, 12%, 15%, and 26%) of the receivable balances are owing from four OEM and reseller partners.

The Company manages credit risk related to cash, cash equivalents, and investments by maintaining bank and investment accounts with high credit quality financial institutions, including Schedule 1 banks.

(e) Fair Values of Financial Instruments

The carrying value of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities, and accrued warranty approximate their fair values due to the immediate or short-term nature of these instruments. The carrying value of investments carried at amortized cost approximates their fair value as the interest rate environment has not changed significantly from the date of purchase.

(Expressed in United States dollars)

17. SEGMENTED INFORMATION

(a) Operating Segments

The Company and its subsidiaries have historically operated primarily in one principal business, that being development, marketing, and support of endpoint security and data risk management, and endpoint management solutions for computing devices such as desktops, laptops, tablets and smartphones.

On July 1, 2015, the Company reorganized its internal information reported to the chief operating decision maker for the purposes of resource allocation and assessment of operational performance. This reorganization focused on the bifurcation of two markets in which the Company's products participate, namely, a) Data and Device Security and b) Endpoint and Service Management. As a result, the Company operated in these two operating segments.

The disposal of the Absolute Manage and Absolute Service business unit on October 5, 2015 (note 5) eliminated the Endpoint and Service Management segment.

The Company's revenue, results, and other segment information is as follows:

	Year ended June 30, 2016		
	Data and Device Security	**Endpoint and Service Management**	**Consolidated**
REVENUE	$ 85,914,071	$ 2,884,437	$ 88,798,508
Cost of Revenue	(13,619,597)	(208,188)	(13,827,785)
Sales and marketing	(43,785,382)	(1,049,490)	(44,834,872)
Research and development	(11,975,825)	(420,569)	(12,396,394)
General and administration	(10,084,327)	(220,415)	(10,304,742)
Share-based compensation	(4,668,476)	-	(4,668,476)
OPERATING INCOME	1,780,464	985,775	2,766,239
Interest income, net	292,602	-	292,602
Foreign exchange loss	(684,225)	-	(684,225)
Disposal of business unit	-	14,098,066	14,098,066
NET INCOME BEFORE INCOME TAXES	$ 1,388,841	15,083,841	$ 16,472,682

(Expressed in United States dollars)

17. SEGMENTED INFORMATION (continued)

(b) Entity wide disclosures

Geographic revenue information is based on the location of the end user customer. Long-lived assets include property and equipment and intangible assets.

	Year ended June 30,	
	2017	2016
Revenue		
United States	**$ 80,143,007**	$ 77,065,827
Rest of world	**9,230,298**	9,852,972
Canada	**1,837,245**	1,879,709
	$ 91,210,550	$ 88,798,508

	June 30, 2017	June 30, 2016
Long-lived assets		
United States and rest of world	**$ 11,534,466**	$ 12,239,412
Canada	**9,477,989**	8,996,072
	$ 21,012,455	$ 21,235,484

18. COMMITMENTS

The Company's minimum payments required under operating leases for premises, equipment and business service agreements, and a branding agreement are as follows as at June 30, 2017:

2018	$ 5,971,196
2019	2,266,749
2020	2,042,719
2021	1,148,740
2022 and thereafter	382,913
	$ 11,812,317

(Expressed in United States dollars)

19. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	Year ended June 30,	
	2017	2016
Salaries, bonus, and short-term employment benefits	**$ 3,144,754**	$ 2,574,966
Share-based compensation	**3,062,011**	3,173,653
	$ 6,206,765	$ 5,748,619

In the year ended June 30, 2017, 16 individuals (2016 – 16 individuals) were included in key management personnel.

20. CONTINGENCIES

Due to the nature of the Company's business, products, and patent portfolio, the Company is involved in assertions and claims of patent infringement as both the initiating party and, from time to time, as a respondent to such claims. The Company believes that any such claims currently existing are without merit and intends to vigorously defend any such assertions. At this time, there are no legal matters of this type which are believed to be material to the Company's financial performance, liquidity, or financial condition.

In order to establish and defend its proprietary rights and patent portfolio, the Company is the initiating party in one patent-related matter. The Company's management believes it will prevail in this case, however, the potential outcome, timing, and impact on the Company's business and patent portfolio is not determinable at this time.

21. SUBSEQUENT EVENTS

(a) Quarterly dividend

On July 20, 2017, the Company declared a quarterly dividend of CAD$0.08 per share on its common shares, payable in cash on August 25, 2017 to shareholders of record at the close of business on August 4, 2017.

(b) Employee share purchase plan

On July 21, 2017, 47,616 common shares were issued pursuant to the Employee Share Purchase Plan.